

ENR ERGI FAQs
September 25, 2019

Energy Resource Governance Initiative (ERGI)

Q: What is ERGI?

- ☐ The Department of State's Bureau of Energy Resources (ENR) created the Energy Resource Governance Initiative (ERGI) to promote sound mining sector governance and support resilient energy-related mineral supply chains.
- ☐ Through ERGI, ENR will bring together countries that believe in the principles of sound governance to share leading industry practices, foster open and transparent markets, and encourage a level playing field for investment.
- ☐ The initiative will also encourage the creation and promotion of resilient, responsible, and integrated supply chains to avoid supply disruptions of key energy resource minerals.
- ☐ ENR is consulting with partner countries, private sector companies, and non-governmental organizations to ensure the security and availability of these minerals for the energy sector.

Q: How important are these minerals to the energy sector?

- ☐ Increasing demand for clean energy and electric vehicle technologies will create unprecedented demand for minerals used in the energy sector.
- ☐ Under the IEA's *New Policies Scenario*, the number of electric cars on the road will grow from about 3 million in 2017 to 125 million by 2030. Electric vehicles increase demand for battery storage minerals including lithium and cobalt.
- ☐ A 2017 World Bank report estimated that global greenhouse gas mitigation commitments will increase demand for critical minerals used for battery storage by 1000%.
- ☐ The demand for critical energy resources is currently escalating: Bloomberg New Energy Finance notes that investment in mineral-intensive renewable energy technologies was more than double the investment in fossil fuel sources in 2018.

Q: How does ENR intend to address this issue?

- ☐ ERGI will promote sound mineral sector governance and share leading industry practices to encourage a level playing field for investment.
- ☐ ERGI also supports the development of resilient, responsible, and integrated supply chains to avoid supply disruptions of key energy resource minerals.

- ☐ ENR will draw on the expertise and resources of the U.S. government and our partner countries, with guidance and support from the private sector, NGOs, and international financial institutions.

Q: What countries does ERGI plan on engaging?

- ☐ We will bring resource-rich countries together to share best practices and promote sound mineral sector governance.
- ☐ A partnership of resource-rich countries will help build mineral sector governance capacity and create options in the supply chain.

Q: Does ENR already have specific objectives for this initiative?

- ☐ The three ERGI objectives are as follows:
 - o ***Engage resource-rich countries on responsible critical minerals governance.*** ERGI will share best practices on mineral management and governance to foster open and transparent markets; support investment frameworks that attract top tier private investment committed to advanced extractive practices and transparent operating procedures; and it will promote responsible and sustainable mining practices.
 - o ***Create resilient supply chains.*** ERGI will identify options to diversify supply chains; facilitate trade and industry connections; and promote integrated and resilient supply chains.
 - o ***Meet the expected demand for critical energy minerals.*** ERGI will encourage development finance and export credit institutions to support responsible and sustainable mining projects; facilitate modern resource surveys to understand energy mineral prospects; and emphasize the connection between renewable energy demand and the impact on resource-rich countries.
- ☐ We invite you to review the Fact Sheet posted on our website for additional details.
<https://www.state.gov/energy-resource-governance-initiative/>

Q: How is ERGI different than efforts under the recently-released Department of Commerce report, “A Federal Strategy to Ensure Secure and Reliable Supplies of Critical Minerals”?

- ☐ ERGI addresses section three of Presidential Executive Order No.13817 that requests a federal strategy to ensure secure and reliable supplies of critical minerals.

- ☐ The Department of Commerce report is a whole-of-government effort to identify U.S. sources of critical minerals, promote U.S. technological innovation, support the creation of U.S. jobs, and reduce vulnerabilities in critical minerals supply chains.
- ☐ The Department of State, including ENR, contributed to the international section of the report entitled *Enhance International Trade and Cooperation Related to Critical Minerals*.
- ☐ ERGI provides a clear roadmap for sourcing energy resource minerals globally by improving mineral sector governance and supporting resilient supply chains.

Q: Aren't the energy resource minerals addressed under ERGI really the same as the critical minerals mentioned in the Department of Commerce report?

- ☐ ERGI addresses many of the same critical minerals as the Department of Commerce report, but focuses exclusively on the resources related to energy. Lithium, cobalt, nickel, and rare earth elements are a few examples of energy resource minerals.
- ☐ This initiative focuses on transparency and best practices to ensure continued access to energy resource minerals irrespective of location and ownership of mining operations.
- ☐ We encourage all countries and companies working in this important sector to ensure that integrity is maintained throughout the supply chain process.

Q: Is ERGI a counter-China initiative? Did the recent threat by China to reduce exports of Rare Earth Elements (REEs) to the United States prompt the decision to launch ERGI?

- ☐ ERGI is a long-term plan designed to promote sound mining sector governance and resilient energy mineral supply chains.
- ☐ REEs are only one of the critical energy resources that ERGI will address. Lithium, cobalt, graphite, and nickel are a few examples of other energy resource minerals.
- ☐ China's dominance in rare earth elements demonstrates the pressing need to create resilient supply chains for the energy resource minerals.
- ☐ ENR will continue to identify other means of diversifying the sourcing and processing of energy resource minerals.

Q: Does ENR have any experience in helping countries improve capacity to manage their minerals sector?

- ☐ ENR has established foreign assistance programs that focus on building oversight and governance capacity in oil, gas, and mineral sectors

UNCLASSIFIED

- ENR's technical assistance supports the objectives of the Energy Resource Governance Initiative and provides support to build technical capacity, share leading industry practices in minerals sector management, and encourage a level playing field for investment.

UNCLASSIFIED